

## Important Additional Information

Issued 12 September 2014

The information in this document forms part of the AUSfund  
Product Disclosure Statement dated 12 September 2014



This Important Additional Information brochure should be read in conjunction with the AUSfund Product Disclosure Statement (PDS). This Important Additional Information brochure and the PDS are available from our website or by contacting us.

You should consider all information before making a decision to remain invested in this product. Most people who receive this Important Additional Information brochure and the PDS will already be a member of AUSfund as a result of their super benefit being transferred to us from their previous fund.

*This information is general information only and does not take account of your personal circumstances, financial position or needs. We recommend you obtain financial advice tailored to your personal circumstances and needs.*

This Important Additional Information brochure and the PDS have been issued by Industry Funds Investments Limited (IFI) - ABN 17 006 883 227, AFSL 229881, as the Trustee of AUSfund, Australia's Unclaimed Super Fund -ABN 85 945 681 973.

IFI is a wholly owned subsidiary of Industry Fund Services Limited (IFS). IFS is a wholly owned subsidiary of Industry Super Holdings Pty Ltd (ABN 71 119 748 060), which in turn is owned by a number of major superannuation funds, some of which use AUSfund as their Eligible Rollover Fund (ERF).

Neither AUSfund nor the Trustee or any related entity guarantees the performance of the Fund or the repayment of capital or any particular rate of return.

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## How superannuation works

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As outlined in the AUSfund PDS, superannuation is a tax effective means of saving for your retirement. However, as a result of the tax concessions afforded to superannuation the Government has placed limits on the amounts you can contribute as well as restrictions on when you can access it.

### Contribution type and limits

There are a number of ways you can contribute to superannuation. However, AUSfund is an Eligible Rollover Fund (ERF) and is designed to look after inactive accounts transferred from other regulated super funds. AUSfund cannot accept member or employer contributions but can accept transfers from other regulated super funds.

### Parking your super money in AUSfund

If you wish, you can leave your money in AUSfund and also transfer money from other regulated funds to AUSfund. This can be a useful strategy when you are out of the Australian workforce for any reason. For example, you might be studying full-time or on leave without pay, taking extended parental leave or you might work intermittently. However, while AUSfund's fees are low and you can expect to receive a reasonable return on your investment, AUSfund does not provide insurance cover or investment choice and cannot accept employer or member contributions. You should consider all these factors before deciding to 'park' your money in AUSfund.

You can quickly transfer your AUSfund account to your active account when contributions start again. See our website [unclaimedsuper.com.au](http://unclaimedsuper.com.au) for details.

### Accessing your superannuation

As superannuation is a long term investment designed to fund your retirement the Government has placed restrictions on when you can access it. Your ability to access your superannuation depends on how it is categorised and there are different requirements that must be satisfied before it can be accessed.

## Preserved benefits

All contributions made to superannuation by you or on your behalf since 1 July 1999 and any earnings associated with them are categorised as preserved benefits. To access any preserved benefits you must satisfy a condition of release as described below:

- when you reach age 65
- when you cease employment at or after age 60
- if you retire or commence a transition to retirement income stream on or after your preservation age.

The table below outlines current preservation age requirements:

| Preservation age for persons       | Age |
|------------------------------------|-----|
| Born before 01/07/1960             | 55  |
| Born from 01/07/1960 to 30/06/1961 | 56  |
| Born from 01/07/1961 to 30/06/1962 | 57  |
| Born from 01/07/1962 to 30/06/1963 | 58  |
| Born from 01/07/1963 to 30/06/1964 | 59  |
| Born on or after 01/07/1964        | 60  |

Generally, your superannuation only becomes payable:

- if you become permanently unable to work
- if you die while a member of the Fund
- if you suffer severe financial hardship
- if your account balance is under \$200
- if you have been diagnosed with a terminal medical condition
- if you are a temporary resident who has permanently left Australia.

Your superannuation may also be released under other conditions as permitted under superannuation legislation. Claim forms are available from our website [unclaimedsuper.com.au](http://unclaimedsuper.com.au)

## Restricted non-preserved benefits

Restricted non-preserved benefits are amounts you may be able to cash out prior to reaching your preservation age. If your benefit includes non-preserved amounts and you change jobs, you can withdraw these and some types of employer contributions, provided they were paid in before 1 July 1999.

## Unrestricted non-preserved benefits

These benefits are accessible at anytime.

You do not have to take your superannuation out once you are allowed to access it; you can leave it in the Fund until you are ready.

## Investment earnings

Investment earnings, in the form of crediting rates, are applied to your account at the end of each financial year. The Trustee also determines an interim crediting rate each month that is applied to a member's benefit if they leave before the end of the financial year.

The crediting rate is the net return after deductions for tax on earnings, investment management fees, and any other costs incurred in administering the Fund. In any year some of AUSfund's investment earnings may be allocated into, or taken from AUSfund's reserves.

## Nominating your beneficiaries

It is important for you to consider who you would like to receive the balance of your account in the event of your death. You can nominate one or more beneficiaries to receive your benefit and in the event of your death we will take this into consideration when deciding to whom the benefit will be paid. However, we are under no obligation to comply with your request, as the Trustee retains sole discretion as to whom the payment is made.

Each person you nominate must satisfy the definition of 'beneficiary' at the date of your nomination and death. These individuals must either be a dependant or your legal representative.

We recommended that you regularly review your nominations to ensure that if your circumstances change, your nomination reflects your current situation.

To make or amend a nomination please visit [unclaimedsuper.com.au](http://unclaimedsuper.com.au) and download a *Non-binding death benefit nomination form* or contact us on **1300 361 798**.

## Risks of superannuation

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As outlined in the PDS, superannuation is a type of investment, and all investments carry a degree of risk. There are many factors that can impact on the performance of your investment. The risk of an investment is commonly measured by the expected rises and falls in returns (i.e. the value of your investment and earnings on your investment). In general, the higher the expected returns, the higher the risk or volatility associated with the investment. In addition, the return of capital is not guaranteed. This means you may lose part or all of your investment.

The main types of investment risk that could impact your superannuation savings are as described below.

### Legislative risk

Changes can be made to laws that impact superannuation, including the taxation of superannuation. These changes may affect the tax effectiveness, the value, or the ability to access your investment.

### Market risk

This is the risk of being exposed to a particular investment market, such as the Australian share market, property market, fixed interest market and international investment markets. Markets can be affected by many factors, including domestic and international economic conditions, interest rates, exchange rates, inflation, government policy, current valuation levels and market sentiment. These factors can have a negative impact on the returns of any investments in affected markets and can affect your investments in different ways. Possible negative impacts can include, but are not limited to reductions in the value or yield of your investments.

### Concentration risk

There is a possibility of loss arising from an uneven exposure to particular asset classes or a particular group of counter parties, such as investment manager or asset class.

### Country risk

Investments may be affected by factors such as political and economic uncertainties, low regulatory supervision, movement in currency and interest rates, and volatile, illiquid markets. Investment in emerging market countries is likely to carry a higher country risk than developed countries.

## Currency risk

There is a risk that changes in the exchange rate may adversely affect the value of international investments. If the Fund holds investments in international assets, a rise in the Australian dollar relative to other currencies may have a negative impact on the value or returns of these investments. The Fund typically, but not always, has a portion of its international investments hedged against currency risk. Hedging is expected to provide some protection against a rise in the Australian dollar, but may have a negative impact on investment returns for international assets should the Australian dollar decline versus other currencies.

## Interest rate risk

Changes in interest rates can influence the value or returns of investments.

## Liquidity risk

This is a risk that the Fund could experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments.

This could result in delays in payments to members.

The main asset classes AUSfund invests in, and their expected risk and return potential, can be described as follows:

| Asset type                  | Expected return potential                  | Expected risk potential   |
|-----------------------------|--|---|
| Shares                      | Higher returns over the long term.         | High degree of volatility from year to year, including the possibility of negative returns in some years or even consecutive years.           |
| Listed property             | Medium to high returns over the long term. | Medium to high degree of volatility from year to year, including the possibility of negative returns in some years or even consecutive years. |
| Private Equity              | Higher returns over the long term.         | High degree of volatility from year to year, including the possibility of negative returns in some years or even consecutive years.           |
| Australian Alternative Debt | Medium returns over the long term.         | Medium degree of volatility from year to year. Negative returns are expected to be relatively infrequent, but can occur.                      |
| Fixed Interest              | Low to medium returns over the long term.  | Medium to low degree of volatility from year to year. Negative returns are expected to be relatively infrequent, but can occur.               |
| Cash                        | Low returns over the long term.            | Low degree of volatility from year to year. Negative returns are not expected to occur.   |



## Fees and costs

This section shows fees and other costs that you may be charged and their definitions. These fees and costs may be deducted from your account, from the returns on your investments or from the fund assets as a whole. Not all these fees apply to AUSfund. We have stated where fees are not applicable. You should read all the information about fees and costs as it is important to understand their impact on your investment.

| <i>AUSfund</i>                          |                       |  |
|---|-----------------------|--|
| Type of fee <sup>1</sup>                | Amount                | How and when paid  |
| <i>Investment fee</i>                   | Nil                   | Not applicable   |
| <i>Administration fee</i>               | \$14.00               | Deducted annually from your account on 30 June and when you exit the Fund. |
| <i>Buy-sell spread</i>                  | Nil                   | Not applicable   |
| <i>Switching fee</i>                    | Nil                   | Not applicable   |
| <i>Exit fee</i>                         | Nil                   | Not applicable   |
| <i>Advice fees</i>                      | Nil                   | Not applicable   |
| <i>Other fees and costs<sup>2</sup></i> |                       |  |
| <i>Trustee operational costs</i>        | -(0.23)% <sup>2</sup> | Deducted monthly, directly from the Fund                                   |
| <i>Investment costs</i>                 | +0.31)% <sup>2</sup>  | Deducted monthly, directly from the Fund                                   |
| <i>Indirect cost ratio</i>              | 0.08)% <sup>3</sup>   |  |

1 For further details refer to, the 'Defined fees' section on pages 9 and 10.

2 These costs are estimated amounts estimate based on the Indirect Cost Ratio (ICR) for the period ending 30 June 2014. For further details, refer to 'Indirect Cost Ratio' on page 10.

3 This is an estimate based on the Indirect Cost Ratio (ICR) for the period ending 30 June 2014. For further details, refer to 'Indirect Cost Ratio' on page 10.

In 2013/2014 an Administration Fee was charged to all members of the Fund for the first time and Member Benefit Protection no longer applied. As a result, the Administration Fee more than covered administration costs and Trustee operational costs and partly offset investment costs.

## Defined fees

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The following definitions are regulatory disclosure requirements. Please note that not all these fees apply to AUSfund. We have noted where these fees are not applicable.

### Activity fees

A fee is an *activity fee* if:

- a. the fee relates to costs incurred by the AUSfund that are directly related to an activity of the Trustee:
  - i. that is engaged in at the request, or with the consent, of a member; or
  - ii. that relates to a member and is required by law; and
- b. those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an exit fee, an advice fee or an insurance fee.

These costs are components of the AUSfund Trustee's operational costs shown in the table on page 8.

### Administration fees

An *administration fee* is a fee that relates to the administration or operation of AUSfund and includes costs incurred by the AUSfund trustee that:

- a. relate to the administration or operation of AUSfund; and
- b. are not otherwise charged as an investment fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

The AUSfund Administration fee is disclosed in the fee table on page 8.

### Advice fees

A fee is an *advice fee* if:

- a. the fee relates directly to costs incurred by the AUSfund trustee because of the provision of financial product advice to a member by:
  - i. the trustee of AUSfund; or
  - ii. another person acting as an employee of, or under an arrangement with, the AUSfund Trustee; and
- b. those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an insurance fee.

Advice fees are not charged by AUSfund.

## Buy-sell spreads

A *buy-sell spread* is a fee to recover transaction costs incurred by the AUSfund trustee in relation to the sale and purchase of AUSfund assets. They are one component of AUSfund's investment costs in the table on page 8 and are not charged separately to members' accounts.

## Exit Fees

An *exit fee* is a fee to recover the costs of disposing of all or part of members' interests in AUSfund.

Exit fees are not charged by AUSfund: they are a component of the Administration fee on page 8.

## Indirect cost ratio

The *indirect cost ratio* (ICR), for an investment option offered by a superannuation entity, is the ratio of the total of the indirect costs for the investment option, to the total average net assets of the superannuation entity attributed to the investment option.

AUSfund has one investment option and so the ICR applies to AUSfund as a whole.

Note: A dollar-based fee deducted directly from a member's account is not included in the ICR.

The ICR is disclosed in the fee table on page 8.

## Investment fees

An *investment fee* is a fee that relates to the investment of assets of AUSfund and includes:

- a. fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and
- b. costs incurred by the AUSfund Trustee that:
  - i. relate to the investment of AUSfund's assets; and
  - ii. are not otherwise charged as an administration fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

These fees and costs are components of AUSfund's ICR and are not charged directly to you. The ICR is disclosed in the fee table on page 8.

# How to contact us

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Phone: **1300 361 798**  
Overseas callers **+61 3 9814 6400**

Hours: **8.30am to 5pm Monday to Friday**

Fax: **1300 366 233**

Website: **[unclaimedsuper.com.au](http://unclaimedsuper.com.au)**

Email: **[admin@ausfund.net.au](mailto:admin@ausfund.net.au)**

Mail: **The AUSfund Administrator  
PO Box 543  
Carlton South VIC 3053**